

Kentucky Real Estate NEWS

A Publication of the Kentucky Real Estate Commission

IMPORTANT INFORMATION Regulations Have Changed

It is imperative for licensees to stay abreast of law and regulation changes. On April 22, 2005, new regulation changes went into effect, including a new Seller's Disclosure of Property Condition Form. (Although all of the regulations are now in effect, the Commission is not going to begin mandating use of the new Seller's Disclosure Form until **July 1, 2005**. Included in this newsletter on Page 7 is a tear-out of the new form).

Below is a summary of the regulation changes. All of the regulations are now in effect. The actual language can be found on our website at www.krec.ky.gov, and the official version can be found on the Legislative Research Commission's website at www.lrc.ky.gov.

201 KAR 11:011 (Definitions)

The definitions of "guaranteed sales plan" and "required disclosure" pertaining to a guaranteed sales plan have been moved from 201 KAR 11:121 to this regulation.

201 KAR 11:030 (License cancellation; reasons for. Change of residence address)

A license shall be automatically cancelled if the holder fails to notify the Commission in writing of the following changes: a broker's business

address, a change of firm name, a sales associate's transfer from one broker to another or a change of surname.

201 KAR 11:040 (Contracts to contain financing provisions)

The regulation has been repealed, and the language has been moved to 201 KAR 11:250.

201 KAR 11:045 (Written offers to be submitted to owner-client)

This regulation was amended to state that, if a licensee has entered into a written listing agreement or any other written agency agreement, the licensee shall: (1) accept all written offers, (2) accept all earnest money deposits, (3) assist the principal in developing, communicating, negotiating and presenting offers and counter-offers, and (4) answer the principal's questions relating to offers and counteroffers.

201 KAR 11:062 (Retention of broker's records)

A broker must now retain any written offers to lease or purchase, whether they were accepted or rejected.

201 KAR 11:105 (Owner's consent and authorization)

This regulation had several changes relating to advertising. A buyer's

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Comments from the Chair

by: Sue Teegarden,
Chair



Licensees need to know exactly what is covered under the group errors and omissions (E & O) insurance policy. This insurance covers licensees for claims arising from a negligent act, error or omission relating to the rendering of or failure to render professional services.

Our group E & O company, Rice Insurance Services Company, LLC (RISC), often receives claims involving other risks which are not covered by E & O insurance. Also, here at the Commission, we receive calls from licensees who are very upset to learn that their claim has been denied. We have had licensees who think that if they had a car accident while driving clients around, that claim would be covered under their E & O policies. Also, licensees have caused property damage and have assumed that E & O would cover that type of claim as well. For example, if you place a sign on a piece of property and a strong wind blows it away, breaking a car windshield, this would not be covered under your group E & O insurance policy.

The Commission and RISC highly recommends that licensees also carry General Liability insurance in addition to E & O insurance. General Liability insurance would cover bodily injury, property damage, personal injury and advertising injury.

If licensees are also involved in remodeling, construction or develop-

ment, they should purchase separate insurance for these activities and also try to obtain an endorsement to include their real estate activities for these properties. The real estate E&O policy will exclude their real estate activities for properties that they remodel, construct and/or develop.

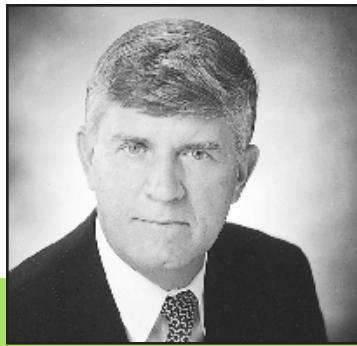
If licensees are involved in buying and selling properties on their own account, they should purchase separate insurance for these activities. The real estate E&O policy will exclude their real estate activities for properties if the insured owns more than 10% interest. Or if the insured's spouse owns more than 10% interest, or if an entity, corporation, partnership or trust in which the insured or spouse of an Insured owns or controls more than 10% financial interest, this would be excluded as well.

Another coverage that many licensees are concerned about recently is environmental, including pollutants and mold. Licensees who are currently enrolled in the group program may purchase the Limited Claims Expense Coverage Environmental Endorsement for \$15.00 per licensee. Call RISC at 502-897-1876 or toll free at 1-800-637-7319 for more details.

In closing, if you have not already done so, please review your E & O policy and evaluate what other type of insurance you may need. Do not wait until a claim is filed and run the risk of not being covered.

From the Director's Desk

by: Norman E. Brown,
Executive Director



As many of you may already know, the Kentucky Real Estate Commission has been named as a defendant in a federal civil lawsuit filed by the U.S. Department of Justice, Antitrust Division. The case was filed on March 31, 2005 in U.S. District Court, Western District of Kentucky, 3:05CV188-H. The subject of the lawsuit is certain Kentucky statutes and administrative regulations regarding inducements and rebates to buyers and sellers of real estate.

As part of the lawsuit, the Commission had to respond to a document production of any and all documents relating to inducements and or rebates. This document production numbered approximately 10,000 pages and took many staff hours to compile.

After the Commission received the lawsuit, we sent out a Request for Proposals seeking bids from outside counsel to represent the Commission. The Commission was looking

for a law firm with not only federal antitrust experience but state government experience as well. The Commission reviewed the proposals, and the contract was awarded to Reed Weitkamp Schell & Vice, PLLC (RWSV). Mr. John S. Reed and Mr. David J. Hale are the lead attorneys representing the Commission in this lawsuit.

The Commission and outside counsel are still reviewing the complaint and a response with the Court has not yet been filed. Until such time as a response is filed, the Commission will not discuss the matters raised in the lawsuit.

I understand that many of you may have more questions concerning this lawsuit. Please understand that during the litigation stages of the lawsuit, the Commission has been advised not to discuss the particulars of the case. As soon as we have reached the next stage of the lawsuit, we will update you.

Total licensees as of June 1, 2005

Active Sales Associates
10,147

Active Brokers
4,729

Escrowed Sales Associates
9,662

Escrowed Brokers
1,425

Total: 25,963

Active Licensees Who Have Not Renewed For 2005/2006

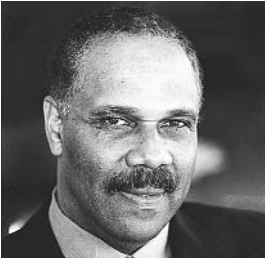
The Commission has not received renewal payment for the following licensees who were active until March 31, 2005. If your name appears on this list and you want to renew your license, please contact the Commission. These licensees were cancelled on April 1, 2005 and are operating illegally if actively practicing real estate. This list was compiled on June 1, 2005.

Toni Allender	Morris Kaplan
James Bibb	Joseph Mainous
Waneta Borden	James McDermott
Maurice Burton	Margaret McGurk
Eloise Cecil	Paul Metzger
Omer Chesser	Jess Oakley, Jr.
John Corum	H. Gordon Orrell
Jay Davis	Carl Pendley
Cora De Witt	Dale Rice
Charles Durham	John V. Rogers
Johnny Eggleston	Christine Roppel
Verlin Gebhart	Ernest Skidmore
Jon Goodwin	Mary Skidmore
William Gramig, Jr.	Paul Smith
Julia Higgins	Jean Thomason
D. Earlene Hollman	Michael Ward
Julian Hutchinson, Jr.	Shirley Wesselman
Nyoka Johnston	Joe Williams
Yvonne Justice	I. Lynwood Wiseman

Commissioner's Corner



Sue Teegarden



Ron Smith



Arvel J. McMahan



Bob Roberts



Lois Ann Disponett

Broker Experience Requirements

Under KRS 324.045, a broker candidate must have been engaged in the real estate business for a period of 24 months, averaging at least 20 hours each week as a sales associate in order to fulfill the experience portion of the requirements to obtain a broker's license. The principal broker or brokers with whom the applicant has been affiliated must certify the applicant's experience.

Questions have recently come before the Commission regarding licensees who work for a referral company. These individuals are eligible to receive compensation for referring properties for listings or prospective purchasers to other licensees who actually handle the transactions. Referral companies typically do not permit their licensees to actively list or sell property.

The Commission considers these individuals to be active licensees, since they may earn fees for their referral work. They must carry errors and omissions insurance and complete the required continuing education courses each year. Since their participation in the real estate business is limited to that of a referral agent and no active listing or

selling is taking place, it is doubtful that this individual would meet the experience requirements as set out in the statutes. The agent may have had enough experience prior to joining the referral company, but the referral work itself will not suffice. Thus, the principal broker would not be able to certify the experience in the business as required in the statutes.

Other questions periodically arise as to whether the Commission would accept other "related" work an individual may have done to fulfill the experience requirements. Some examples include builders, mortgage lenders, closing attorney, or a property management "employee" who is being paid a regular salary by the owner of the property or is receiving a rental unit as the major part of the compensation for managing the property. Broker candidates must have worked in the capacity as a licensed sales associate -- listing, selling, leasing, or managing property for others under the direction of his or her principal broker -- for at least 20 hours each week for a period of 24 months. No other related type of experience will fulfill this requirement.

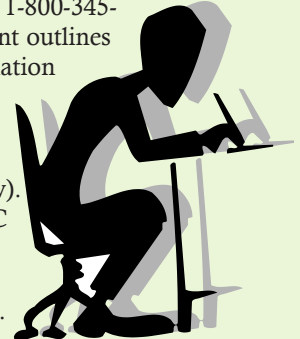
Commission Contracts With New Testing Service

Applied Measurement Professionals (AMP), a testing company from Lenexa, Kansas, will begin testing Kentucky real estate license candidates on July 5, 2005. AMP will offer eight convenient locations in Louisville and Lexington, Kentucky; Cincinnati, Ohio; Charlestown, West Virginia; Knoxville and Nashville, Tennessee; Evansville, Indiana; and Carbondale, Illinois. Testing will be held twice each day and candidates are able to register via mail, phone or online beginning June 6, 2005. The cost for the exam remains the same at \$75.00 per exam.

AMP is a full-service testing company and will be handling the registration, test administration, and on-site scoring as well as test development services. AMP's examinations are certified by the Association of Real Estate License Law Officials (ARELLO). The national exam consists of 100 questions, and the state exam contains 40 items. Both examinations contain "pretest" items,

which are new questions that will be used on future exams. A candidate's answer to these questions will not be counted toward the final test score. Candidates will be allowed four hours to complete the exam and must have at least 75% on each section of the test in order to pass.

New candidate handbooks will be distributed to the Kentucky approved pre-license providers and will also be available on AMP's website (www.goAMP.com). AMP's phone number is 1-800-345-6569. The content outlines and other information are available on the KREC website (www.krec.ky.gov). Watch the KREC website for more details as they become available.





Disciplinary Actions



William C. Johnson (Gilbertsville)
Case No. 04-0118

Violation: Mr. Johnson stipulated to a violation of KRS 324.160(4)(h); KRS 324.160(4)(u) for violating KRS 324.111(4); and KRS 324.160(4)(v) for his improper dealings for failing to remit money in a timely manner and for improperly removing said money from his escrow account. Mr. Johnson refutes an ultimate conclusion that he has violated KRS 324.160(4)(v) by engaging in fraudulent conduct and does not stipulate to such violation. He, nevertheless, agreed that there is a legal basis for resolving this case pursuant to the terms of a settlement agreement.

Disposition: Mr. Johnson agreed to voluntarily surrender, permanently, his Kentucky real estate license to the Commission, and he shall not perform "real estate brokerage" during his period of surrender.

John L. Simeon, Sr. (Brooks)
Case No. 03-0172

Violation: Mr. Simeon was found in violation of KRS 324.160(4)(a) and (j), since he failed to indicate that he had been convicted of a felony on his broker's application to the Commission and since he was convicted of a felony while licensed.

Disposition: Mr. Simeon's license is suspended for 3 years, and he is ordered to pay a fine in the amount of \$500.00.

Frances Hensley and Lois Lloyd (Somerset) Case No. 96-0169

Violation: Ms. Hensley and Ms. Lloyd were charged with, and the Commission found that they had violated former license law provisions KRS 324.160 (1)(r) and (q). No Commission order finding that Ms. Hensley or Ms. Lloyd violated the provision has been made final in this case because Ms. Hensley and Ms. Lloyd successfully appealed the case

to Pulaski Circuit Court, which reversed the Commission's order. The Commission then appealed that reversal to the Kentucky Court of Appeals.

Disposition: While pending in the Court of Appeals, the Commission, Ms. Hensley, Ms. Lloyd, and the consumer complainants agreed to settle the appeal by payment of restitution to the consumer. No disciplinary sanction has been imposed upon Ms. Hensley or Ms. Lloyd in accordance with their settlement agreement.

Darrell W. Defler (Louisville)
Case No. 03-0145

Violation: Mr. Defler was found in violation of KRS 324.160(4)(b) for misrepresenting the status of a property. Specifically, he failed to disclose that the property had a sewer assessment.

Disposition: Mr. Defler was ordered to complete a 3 hour law course and pay a \$1,000.00 fine.

Yvonne L. Boyd (Florence)
Case No. 04-0121

Violation: Ms. Boyd refutes an ultimate conclusion that she has violated KRS 324.160(4)(b),(v) and (u), as illustrated by 201 KAR 11:121, for allegedly obtaining ownership of personal property after she allegedly failed to properly notify prospective purchasers that her client will negotiate all personal property into the sale of the real property in question, as set out in their written listing agreement. Ms. Boyd did not stipulate to any of these alleged violations. She, nevertheless, expressly agrees that there is a legal basis for resolving this case.

Disposition: Ms. Boyd agreed to pay \$500.00 to the complainants in this matter, which represents the value of the personal property.

Stephen Carnes (Lexington)
Case No. 04-0031

Violation: Mr. Carnes stipulated to a violation of KRS 324.117 for placing an advertisement in a local newspaper that included a picture of a person which Mr. Carnes did not know. The caption for the picture read "Kim Fees," a name Mr. Carnes created for the person.

Disposition: Mr. Carnes shall pay a fine in the amount of \$250.00 and shall attend and successfully complete 6 hours of continuing education in law, in addition to any hours already required by law.

Steven T. Gumbel (Louisville)
Case No. 04-0177

Violation: Mr. Gumbel did not stipulate to a violation but agreed that the allegations in this case reveals sufficient evidence to bring charges against him for violating KRS 324.160(4)(b) by misrepresenting to his seller/client the need for property repairs prior to closing.

Disposition: Mr. Gumbel agreed to pay his seller/client the amount of \$2,000.00 and successfully complete 3 hours of continuing education in agency, in addition to the already required continuing education hours.

Daniel N. Boone (Louisville)
Case No. 04-0177

Violation: Mr. Boone did not stipulate to a violation but agreed that the allegations in this case reveals that there is sufficient evidence to bring charges against him for violating KRS 324.160(6) for failing to adequately supervise his sales associate, Steven T. Gumbel.

Disposition: Mr. Boone agreed to pay the seller/client the amount of \$1,000.00 and successfully complete 3 hours of continuing education in agency, in addition to the already required continuing education hours.

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Regulation Changes

Continued from Page 1



agent may now advertise or promote his or her participation in the sale after a binding contract is created.

If advertising in the name of the principal broker, the principal broker's name must now include his or her title as principal broker or any other clear designation of his or her status as a broker.

All advertisements by licensees must be approved by the principal broker or an individual designated by the principal broker.

A principal broker shall require all licensees to discuss the requirements of KRS 324.117 with the owner, provide the owner with written notice of these requirements and obtain the owner's written agreement to comply with them.

A licensee may now advertise public information, such as sales price, of properties that have sold and closed, even if the licensee did not have a written listing agreement for those properties.

201 KAR 11:121 (Improper Conduct)

This change outlines the activities and services that a licensee must perform in order to be paid as a loan originator or mortgage broker.

A licensee may not serve in the dual capacity of real estate licensee and loan originator if the licensee fails to disclose this dual role in writing, fails to indicate that the licensee will receive additional payment and fails to contact the Department of Financial Institutions to register and

pay the one time fee for engaging in loan origination. In addition, a licensee may not receive additional payments if they do not take information from the borrower, fill out an application and perform at least five of the fourteen specific activities as outlined in the regulation. For a list of the fourteen specific activities, please refer to our website. **Licensees must review this list prior to engaging in loan origination for a fee.**

This regulation also makes it improper for a broker licensed in Kentucky to aid, abet or otherwise assist any individual who is not actively licensed in Kentucky to perform real estate brokerage in this state. This prohibition includes a Kentucky broker assisting an unlicensed individual with listing, selling or managing Kentucky property for a buyer or seller. An unlicensed individual includes an individual who may be affiliated with a national franchise and may have a license in another state, but is not actively licensed in Kentucky.

201 KAR 11:250 (Listing and purchase contracts - provisions required)

The financing contingency language was moved to this regulation from 201 KAR 11:040.

201 KAR 11:350 (Seller's Disclosure of Property Condition)

The changes to the form are as follows: (1) the property address is now located at the top of each page of the form, (2) at the bottom of each page all parties must now initial the form, (3) new questions were added under Roof 3(f)1 & 2, asking about replacing roof shingles, and (4) a new question was added under Miscellaneous 10 (o), asking if the property owners are aware of mold or other fungi on the property.

The revised form can be found on the next four pages of this newsletter as a tear-out for your convenience. Forms can also be printed

from the Commission's website (www.krec.ky.gov) under "Licensee Restricted Contracts and Forms" in the General Information Section. In order to view the forms you must type in "get" as your User ID and "forms" as your password (all lower case). **Licensees must use this form beginning on July 1, 2005.**

201 KAR 11:400 (Agency disclosure requirements)

This regulation clarified the definition of what a business relationship is, but did not change it.

201 KAR 11:410 (Broker duties pursuant to designated agency)

This regulation change clarified that the information be kept in an individual file which is accessible only by the principal broker or the designated agent. In addition, the language allowing a broker to designate himself or herself as the designated agent was removed because it was not in compliance with the statute.

201 KAR 11:430 (Procedure for criminal record background check)

This change allows the Commission to investigate any charges or any other evidence of dishonesty, untruthfulness or bad reputation for licensure applicants.

The regulation codifies the Commission's policy of not granting a license to an applicant who is on probation, parole or other state supervision, except in extraordinary circumstances.

If an applicant has engaged in any unlicensed brokerage activity prior to application, he or she must disgorge all fees received prior to application approval.

**Licensees Must Use
this Form Beginning
on July 1, 2005**



SELLER DISCLOSURE OF PROPERTY CONDITION

The information in this form is only for the period the undersigned owned the property, beginning

_____ to _____
 (date of purchase) (date of this form)

PROPERTY ADDRESS: _____

This form applies to sales and purchases of residential real estate. This form is not required for:

1. Residential purchases of new homes if a warranty is offered;
2. Sales of real estate at auction; or
3. A court supervised foreclosure.

PURPOSE OF STATEMENT: Completion of this form shall satisfy the requirements of KRS 324.360 which mandates the seller's disclosure of information about the property he is about to sell. This disclosure is based solely on the seller's observation and knowledge of the property's condition and the improvements thereon. This statement shall not be a warranty by the seller or seller's agent and shall not be intended as a substitute for an inspection or warranty the purchaser may wish to obtain.

INSTRUCTIONS TO THE SELLER: (1) Complete all numbered items. (2) Report all known conditions affecting the property. (3) Attach additional pages, if necessary, with your signature and the date and time of signing. (4) Complete this form yourself or sign the authorization at the end of this form to authorize the licensee to complete this form on your behalf in accordance with KRS 324.360(9). (5) If some items do not apply to your property, write "not applicable." (6) If you do not know the answer to a question, write "unknown."

SELLER'S DISCLOSURE: As seller, I/we disclose the following information regarding the property. This information is true and accurate to the best of my/our knowledge as of the date signed. Seller authorizes the agent to provide a copy of this statement to a person or entity in connection with actual or anticipated sale of the property or as otherwise provided by law. The following are not the representations of the agent.

Please answer all questions. If the answer is yes, please explain. If additional space is needed, use the reverse side or make attachments.

1. HOUSE SYSTEMS	YES	NO	UNKNOWN
Any past or current problems affecting:			
(a) Plumbing	___	___	___
(b) Electrical system	___	___	___
(c) Appliances.....	___	___	___
(d) Floors and walls.....	___	___	___
(e) Doors and windows	___	___	___
(f) Ceiling and attic fans	___	___	___
(g) Security system	___	___	___
(h) Sump pump	___	___	___
(i) Chimneys, fireplaces, inserts	___	___	___
(j) Pool, hot tubs, sauna	___	___	___
(k) Sprinkler system.....	___	___	___
(l) Heating.....age_____	___	___	___
(m) Cooling/air conditioning.....age_____	___	___	___
Explain: _____			
<hr/>			
2. FOUNDATION/STRUCTURE/BASEMENT			
(a) Any defects or problems, current or past, to the foundation or slab?	___	___	___
(b) Any defects or problems, current or past, to the structure or exterior veneer?.....	___	___	___
Explain: _____			
<hr/>			
(c) Has the basement leaked at anytime since you have owned or lived in the property?	___	___	___
(d) When was the last time the basement leaked?_____			
(e) Have you ever had any repairs done to the basement?.....	___	___	___
(f) If you have had repairs done to the basement relative to leaking, when was the repair performed?_____	___	___	___
Explain: _____			
<hr/>			
(g) If the basement presently leaks, how often does it leak? (e.g., every time it rains, only after an extremely heavy rain, etc.) _____			
(h) Have you experienced, or are you aware of, any water or drainage problems with regard to the crawl space?.....	___	___	___
<hr/>			
3. ROOF			
(a) Age of the roof ?_____			
(b) 1. Has the roof leaked at any time since you have owned or lived in the property?	___	___	___
2. When was the last time the roof leaked?_____			
(c) 1. Have you ever had any repairs done to the roof?	___	___	___

Initials (Buyer) _____ Date/Time _____

Initials (Seller) _____ Date/Time _____

		YES	NO	UNKNOWN
	2. If you have ever had the roof repaired, when was the repair performed? _____			
(d)	1. Have you ever had the roof replaced?.....	___	___	___
	2. If you have had the roof replaced, when was the replacement performed? _____			
(e)	If the roof presently leaks, how often does it leak? (e.g., every time it rains, only after an extremely heavy rain, etc.) _____			
(f)	1. Have you ever had roof repairs that involved placing shingles on the roof instead of replacing the entire roof? _____	___	___	___
	2. If you have ever had roof repairs that involved placing shingles on the roof instead of replacing the entire roof, when was the repair performed? _____			
4.	LAND/DRAINAGE			
(a)	Any soil stability problems?.....	___	___	___
(b)	Has the property ever had a drainage, flooding, or grading problem?.....	___	___	___
(c)	Is the property in a flood plain zone?.....	___	___	___
(d)	Is there a retention/detention basin, pond, lake, creek, spring, or water shed on or adjoining this property?	___	___	___
	Explain: _____			
5.	BOUNDARIES			
(a)	Have you ever had a staked or pinned survey of the property?.....	___	___	___
(b)	Do you know the boundaries?.....	___	___	___
(c)	Are the boundaries marked in any way?.....	___	___	___
(d)	Are there any encroachments or unrecorded easements relating to the property of which you are aware?	___	___	___
	Explain: _____			
6.	WATER			
(a)	1. Source of water supply _____			
	2. Are you aware of below normal water supply or water pressure?	___	___	___
(b)	Is there a water purification system or softener remaining with the house?.....	___	___	___
(c)	Has your water ever been tested? If yes, give results _____	___	___	___
	Explain: _____			
7.	SEWER SYSTEM			
(a)	Property is serviced by: ___ public sewer; ___ private sewer; ___ septic tank; ___ storm sewer; ___ leach field; ___ aeration tank; ___ filtration bed; ___ unknown			
(b)	If not a public or private sewer, Date of last inspection ____, Date last cleaned ____			
(c)	Are you aware of any problems with the sewer system?	___	___	___
	Explain: _____			
8.	CONSTRUCTION/REMODELING			
(a)	Have there been any additions, structural modifications, or other alterations made?	___	___	___
(b)	Were all necessary permits and government approvals obtained?.....	___	___	___
	Explain: _____			
9.	HOMEOWNER'S ASSOCIATION			
(a)	1. Is the property subject to rules or regulations of a homeowner's association?.....	___	___	___
	2. If yes, what is the yearly assessment? \$ _____			
(b)	Are you aware of any condition which may result in an increase in taxes or assessments?.....	___	___	___
(c)	Are any features of the property shared in common with adjoining landowners, such as walls, fences, driveways, etc.?.....	___	___	___
	Explain: _____			
10.	MISCELLANEOUS			
(a)	Was this house built before 1978?	___	___	___
(b)	Are you aware of any use of urea formaldehyde, asbestos materials, or lead-based paint in or on this home?.....	___	___	___
(c)	1. Are you aware of any testing for radon gas?.....	___	___	___
	2. Results, if tested _____			
(d)	Are you aware of any underground storage tanks, old septic tanks, field lines, cisterns, or abandoned wells on the property?.....	___	___	___
(e)	Are you aware of any present or past wood infestation (i.e. termites, bores, carpenter ants, fungi, etc.)?.....	___	___	___
(f)	Are you aware of any damage due to wood infestation?.....	___	___	___

Initials (Buyer) _____ Date/Time _____

Initials (Seller) _____ Date/Time _____

		YES	NO	UNKNOWN
(g)	1. Have the house or other improvements ever been treated for wood infestation? 2. If yes, when, by whom, and any warranties? _____	___	___	___
(h)	Are you aware of any existing or threatened legal action affecting this property? _____	___	___	___
(i)	Are there any assessments other than property assessments that apply to this property (i.e. sewer assessments)?.....	___	___	___
(j)	Are you aware of any violations of local, state, or federal laws, codes, or ordinances relating to this property?.....	___	___	___
(k)	Are you aware of any other conditions which are defective with regard to this property?.....	___	___	___
(l)	Are there any environmental hazards known to seller?.....	___	___	___
(m)	Are there any warranties to be passed on?.....	___	___	___
(n)	Has this house ever been damaged by fire or other disaster (i.e., tornado, hail, etc.)? If yes, please explain: _____	___	___	___
(o)	Are you aware of the existence of mold or other fungi in the property? _____	___	___	___

SPACE FOR ADDITIONAL INFORMATION:

The seller has owned this property since _____ (date) and makes these representations only since that date. Seller agrees to immediately notify Buyer of any changes which may become known to seller prior to closing.

Seller _____	Date _____	Seller _____	Date _____

THE LICENSEE NAME HERE (_____) HAS BEEN REQUESTED BY THE OWNER TO COMPLETE THIS FORM AND HAS DONE SO. I HEREBY AGREE TO HOLD HARMLESS THE NAMED LICENSEE FOR ANY REPRESENTATION THAT APPEAR ON THIS FORM IN ACCORDANCE WITH KRS 324.360(9).

Seller: _____ Date: _____
THE SELLER REFUSES TO COMPLETE THIS FORM AND ACKNOWLEDGES THAT THE AGENT SHALL SO INFORM THE BUYER.

Seller: _____ Seller: _____
Date: _____ Date: _____

THE SELLER HAS REFUSED TO COMPLETE THIS FORM AND HAS REFUSED TO ACKNOWLEDGE HIS FAILURE TO COMPLETE THE FORM

Broker/Agent: _____ Date: _____
THE BUYER ACKNOWLEDGES RECEIPT OF THIS FORM.

Buyer _____	Date _____	Buyer _____	Date _____
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THE SELLER MAY DISCLOSE ADDITIONAL INFORMATION NOT REQUESTED OF THIS FORM AND MAY RESPOND TO ADDITIONAL INQUIRIES OF THE BUYER.

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Disciplinary Actions

Continued from Page 5



L. Steve Castlen (Owensboro)

Case No. 04-0178

Violation: Mr. Castlen stipulated to an inadvertent and unintentional violation of KRS 324.160(4)(u) and 201 KAR 11:400 by failing to properly complete the Agency Disclosure Form.

Disposition: Mr. Castlen agrees to engage Attorney Virginia L. Lawson to conduct an in-house training on the proper completion of the Agency Disclosure Form and the proper procedure for implementing and performing designated agency. Mr. Castlen also agrees to attend a 3-hour continuing education law course, in addition to the hours already required by law.

LaBelle Reisz (Owensboro) Case No. 04-0178

Violation: Ms. Reisz stipulated to an inadvertent and unintentional violation of KRS 324.160(4)(u) and 201 KAR 11:400 by failing to properly complete the Agency Disclosure Form.

Disposition: Ms. Reisz agrees to engage Attorney Virginia L. Lawson to conduct an in-house training on the proper completion of the Agency Disclosure Form and the proper procedure for implementing and performing designated agency. Ms. Reisz also agrees to attend a 3-hour continuing education law course, in addition to the hours already required by law.

Donna L. Russell (Harrogate, TN) Case No. 04-0183

Violation: Ms. Russell agreed that the Commission's investigation of the allegations in this proceeding reveals sufficient evidence to bring charges against her for violating KRS 324.160(4)(v) for hindering prospective buyers of property.

Disposition: Ms. Russell agreed to pay a fine in the amount of \$250.00

and attend and successfully complete 6 hours of continuing education in agency, in addition to any hours already required by law. Ms. Russell also received a formal reprimand.

Dennis M. Mason (LaFollette, TN) Case No. 04-0183

Violation: Mr. Mason agreed that the Commission's investigation of the allegations in this proceeding reveals sufficient evidence to bring charges against him for violating KRS 324.160(4)(v) for hindering prospective buyers of property.

Disposition: Mr. Mason agreed to pay a fine in the amount of \$250.00 and attend and successfully complete 6 hours of continuing education in agency, in addition to any hours already required by law. Mr. Mason also received a formal reprimand.

Ronald E. Jones (Somerset) Case No. 04-0097

Violation: Mr. Jones refutes an ultimate conclusion that he has violated KRS 324.160(4)(b) for making a substantial misrepresentation or failing to disclose a known defect that substantially affected the value of the property in question. There is, however, conflicting evidence concerning the making of the misrepresentations complained of. Mr. Jones refutes an ultimate conclusion that he has violated KRS 324.160(4)(b) and does not stipulate to the alleged violation. He, nevertheless, expressly agrees that there is a legal basis for resolving this case pursuant to the terms of his Settlement Agreement to avoid the undue time and expense associated with attending a hearing.

Disposition: Mr. Jones shall have one (1) year to attend and successfully complete 6 hours of continuing education in a Commission-approved law course, in addition to any hours already required by law.

J. Richard Smith (Louisville) Case No. 04-0229

Violation: Mr. Smith stipulated to a violation of KRS 324.160(4)(u), specifically, KRS 324.117(1) and (4), resulting from the placement in a newspaper of an advertisement that was false, misleading, or deceptive because it did not indicate that the property that is subject of the advertisement was listed by Respondent Smith. Respondent Smith asserts that he subsequently "cancelled the listing."

Disposition: Mr. Smith agreed to pay a fine in the amount of \$250.00 and complete 3 hours of continuing education in a Commission-approved law course, in addition to any hours already required by law.

Deborah S. Hinds (Louisville) Case No. 04-0193

Violation: Ms. Hinds stipulated to a violation of KRS 324.117(1) for distributing a directory in her neighborhood which listed the name of an individual who did not wish to be included in the directory. This directory also mistakenly listed the name of a complainant next to the business of the complainant's spouse.

Disposition: Ms. Hinds agreed to take steps that will result in the removal of all information about the complainant that appears in the neighborhood directory and she will provide the Commission with written verification of the same. Ms. Hinds will also attend and successfully complete 3 hours of continuing education from an accredited institution or approved real estate school, in addition to the hours already required by law. The Commission agreed that despite the publication of this matter in the Commission's newsletter, it has not issued any formal or informal reprimand against Respondent Hines.

Kentucky Real Estate Commission Fee Listing

License Fees

Initial Licensure	\$ 55.00
Broker License <i>(upgrade from Sales Associate)</i>	\$ 25.00
Reciprocal Licensure <i>(plus E & O Insurance)</i>	\$ 55.00
Broker Renewal (Due March 31st) <i>(plus E & O Insurance)</i>	\$ 55.00
Sales Associate Renewal <i>(plus E & O Insurance)</i>	\$ 50.00

Directory Listing of Licensees

10 Counties or less	\$ 25.00
11 Counties or more	\$ 50.00

Education/Transcript Review

Active or Escrow Licensees	\$ 10.00
Cancelled or Former Licensees	\$ 20.00

Education Course Provider Approvals

Pre-Licensing Course	\$ 15.00
Continuing Education Courses	\$ 15.00
Course Instructors <i>(every two years)</i>	\$ 10.00

Changes Fees

<i>(All fees are per license)</i>	
Firm Address Change	\$ 10.00
Change of Principal Broker	\$ 10.00
Transfer/Change Fee	
Into or out of Escrow	\$ 10.00
From one Company to another	\$ 10.00
Between Branch Offices	\$ 10.00
Duplicate License <i>(to replace lost or destroyed)</i>	\$ 10.00
Licensee Name Change <i>(return the license)</i>	\$ 10.00

Miscellaneous

Real Estate Examination	\$ 75.00
License History/Certification	\$ 10.00
Returned Checks	\$ 35.00
Late Renewal Penalty <i>(April 1 - May 15)</i>	\$100.00
Late Renewal Penalty <i>(After May 15)</i>	\$200.00
Continuing Education Penalty	\$200.00
"KY RE Professionals and the Law"	\$ 30.00

Kentucky Real Estate Commission
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Toll Free: 1-888-373-3300
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**NOTE: Phone and Fax
Numbers Have Changed**

**The Kentucky Real
Estate Commission
will be closed on:**

**July 4, 2005
(Independence Day)
&
September 5, 2005
(Labor Day)**